

REPORT
OF THE
NOVA SCOTIA
FARM MACHINERY INQUIRY COMMITTEE
TO THE
HONOURABLE JOHN HAWKINS
MINISTER OF AGRICULTURE
OCTOBER 1973

RESPECTFULLY SUBMITTED

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I. Introduction and Background

During the past few years nearly every government in Canada has been involved in establishing farm machinery Boards or Acts in their provinces. This fact, along with requests from the Nova Scotia Federation of Agriculture, prompted the formation of the Farm Machinery Inquiry Committee of Nova Scotia. On May 28, the Honourable John Hawkins, Minister of Agriculture, appointed the committee which consisted of Mr. Hector Hill, Truro, Chairman; Mr. Derill Armstrong, Lawrencetown, Secretary, and Dr. Leonard Dolan, Amherst, to investigate and report on aspects of the farm machinery industry in Nova Scotia.

Terms of Reference

The terms of reference supplied by the Minister are as follows:

- A. The extent to which farmers in general are able to purchase and secure satisfactory service relative to repairs and parts on all items of farm machinery and associated equipment.
- B. The requirements and qualifications of persons receiving farm machinery dealerships.
- C. The requirements of machinery dealers in maintaining an inventory of parts and the availability of parts to purchasers of farm machinery and equipment.

- D. The arrangements for the supply of parts in emergency situations.
- E. The type of warranties provided to the purchaser of machinery and the extent to which warranties are honored.
- F. The regulation and control of dealers in the so-called short-line companies and the extent to which parts and service is available on a continuous basis from such companies.
- G. The capabilities of machinery operating under Nova Scotia conditions.
- H. The extent to which machinery dealers are able to satisfactorily service and carry out adjustments on machines sold.
- I. The degree and extent which transportation services affect the availability of supplying parts and the cost of such parts.
- J. The extent to which parts and lubricants can be standardized between similar machines manufactured by different companies.
- K. Cost of machinery.
- L. Co-operative buying.

We, the Committee, considered the above terms of reference in relation to farm machinery and also to a lesser degree in relation to farm mechanization equipment.

II. Committee Activities

The Committee was appointed on May 28 and the first meeting was held on May 31 with Mr. Walter Grant, Director of Extension and Economics Branch. Mr. Grant acted throughout the Inquiry period as the Committee's contact with the Nova Scotia Department of Agriculture and assisted in organizing the Committee's activities.

The Committee met on the 4th of June with Agricultural Engineers and Economists of the Nova Scotia Department of Agriculture and the Nova Scotia Agricultural College. On June 5, a brief meeting was held with the Executive of the Nova Scotia Federation of Agriculture to discuss the terms of reference of the Committee. A meeting was arranged at the Atlantic Agricultural Engineering Committee meetings in Amherst on June 7 for the Inquiry Committee to meet with Agricultural Engineers from New Brunswick and Prince Edward Island.

A schedule was drawn up for holding public hearings in the twelve agricultural districts of Nova Scotia. These began on June 11 in Bridgewater and carried on to Yarmouth, Middle Musquodoboit, Amherst, Pictou, Bridgetown, Kentville, Antigonish, Mabou, Sydney, Truro and Windsor. We attempted to meet with all of the farm machinery dealers in Nova Scotia as well as farmers in various enterprises as we moved throughout

the Province holding public hearings. We completed the hearings and calls on July 5; however, called on other areas later, namely the Noel Shore area and the North Shore as these areas were not represented at any of the hearings.

To summarize, twelve written briefs were received by the Committee, approximately 80 farmers attended the hearings along with 10 dealers as well as news reporters and Department of Agriculture staff. The Committee managed to talk with 33 of the 36 dealers who represent long line companies. In addition, we met several dealers of short line and farm mechanization equipment, as well as 6 former dealers of long line equipment.

The Committee called at 35 farms, approximately, and these included dairy, beef, hogs, poultry, grain, vegetable, tobacco, strawberries and orchards.

The Inquiry Committee arranged some special meetings with people associated with the farm machinery industry, both directly and indirectly. These included meetings with the Director of the Soils and Crops Branch and the Farm Machinery Specialist of the Prince Edward Island Department of Agriculture, to discuss problems associated with the Prince Edward Island Farm Machinery Act. Representatives of two of the main short line

companies supplying equipment to Nova Scotia farm machinery dealers were met and their equipment and policies discussed.

A special meeting was arranged in Truro with representatives of the Canadian Farm and Industrial Equipment Institute. Also attending this meeting were representatives from Massey Ferguson and International Harvester, as well as the Department of Agriculture personnel from the three Maritime Provinces.

Several meetings were held with various staff members of the Nova Scotia Agricultural College to discuss such things as a farm mechanics course and machinery evaluation. A special trip was made to Centerville, New Brunswick to Thomas Equipment Limited, the major farm equipment manufacturing firm in the Atlantic Provinces, to assess the future of an expanding machinery manufacturing industry in this area.

The Nova Scotia farm machinery dealers were called together on August 24 in Truro to discuss some of the Committee's findings. Seventeen of the 36 dealers were present. On August 29, the Committee met with the Directors of the Nova Scotia Federation of Agriculture where there were about 20 people present. These two meetings were considered very successful as far as both sides were concerned.

We obtained copies of the Report of the Royal Commission on Farm Machinery by Dr. Clarence Barber and also the 1963 Report of the Ontario Farm Machinery Investigation Committee and the 1967 Submission to the Royal Commission on Farm Machinery by the Ontario Farm Machinery Advisory Board. Copies of the Farm Implement Acts for Prince Edward Island, Manitoba, Saskatchewan and Alberta were obtained and studied as well. We also received and studied information on the Farm Machinery Advisory Boards which are in operation in British Columbia, Ontario, Quebec and New Brunswick.

Acknowledgement

We met with the greatest courtesy and co-operation from all persons contacted in the course of our duties. It would be difficult to name them all individually, but we do feel that we should mention the work done by the Agricultural Representatives in organizing the public meetings and the special help given by staff members of the Nova Scotia Agricultural College. This help saved the Committee much time and travel.

III. Farm Machinery Industry

The Farm Machinery Industry in Nova Scotia, while representing a substantial dollar volume of business for this Province, plays a very small role in the overall North American operation of which we are a part.

Farm machinery is a non-tariff item and passes freely in a two-way movement across the United States and Canadian Border.

The Nova Scotia market for farm machinery for last year was approximately \$5,000,000. This was approximately 2.5% of the total Canadian market and 1/3 of 1% of the total North American market.

There is a short supply in Nova Scotia this year of most makes of tractors, most types of farm machinery and replacement parts. There has been no great hardships, however, and both dealer and farmer are adapting to the situation. This machinery problem is a North American one and is due to a multitude of causes, chief of which is an increasing demand for farm products and their greater monetary return to the producer. This increased buying power of the producer was not accurately assessed by the manufacturer. Also, strikes in the manufacturing industries and their suppliers and shortage of farm labor has contributed to the shortages and increased demand for machinery.

We find out farms in Nova Scotia are becoming increasingly mechanized. Table I gives the total

investment on Nova Scotia farms and shows that the proportion of total investment devoted to machinery and equipment increased from 1951 to 1961, but has indicated a downward trend in the last 10 years but still represents about 20%.

TABLE I - INVESTMENT OF NOVA SCOTIA FARMS

	<u>1951</u>	<u>1961</u>	<u>1971</u>
Land & Bldgs.	\$94,485,972	\$102,849,400	\$132,232,900
Percent	62	62.8	64.2
Livestock & Poultry	\$32,755,239	\$ 26,492,000	\$ 33,963,370
Percent	21.5	16.2	16.5
Machinery & Equipment	\$25,223,734	\$ 34,443,700	\$ 39,868,000
Percent	16.5	21.0	19.3
TOTAL	\$152,464,945	\$163,785,100	\$206,085,000

In Table II, it can be seen that the capital investment per farm increased about 6 times from 1951 to 1971.

TABLE II - CAPITAL INVESTMENT PER FARM 1951 - 71

	<u>1951</u>	<u>1961</u>	<u>1971</u>
Land & Bldgs.	\$4,018	\$8,216	\$22,009
Livestock & Poultry	\$1,393	\$2,116	\$ 5,653
Machinery & Equipment	\$1,073	\$2,752	\$6,636
	\$6,484	\$13,084	\$34,298

It can be seen in Table III that the size of farm does not seem to have any great effect on investment proportion. Actually, the larger farms have a smaller proportion of the total capital invested in machinery and equipment than other farms.

TABLE III - CAPITAL STRUCTURE ON LARGE FARMS

<u>Investment Per Farm</u>			
	<u>over \$50,000</u>	<u>\$25,000-\$50,000</u>	<u>\$10,000-\$25,000</u>
	<u>(Annual Sales)</u>		
Land & Bldgs.	\$105,596	\$57,741	\$35,626
Percent	62.0	61.0	61.3
Machinery & Equipment	\$28,794	\$20,094	\$12,010
Percent	16.9	21.3	20.7
Livestock & Poultry	\$35,928	\$16,721	\$10,475
Percent	21.1	17.7	18.0

We realize this is a North American trend and has many causing factors, but we believe that farmers here may be even surpassing their fellow farmers elsewhere and that their investment in machinery in comparison to their total investment has often reached the point where it would be hard to justify on an economic basis.

We believe the basic cause for such heavy farm unit costs for machinery in Nova Scotia is due to our unpredictable weather conditions with its very short seasons for getting field work done. This makes it necessary for every producer to own his own equipment, regardless of its cost and time this machine is actually used.

There were a few instances in the Province where co-operative machinery owning was practiced, such as in rock pickers, sprayers, land rollers, seeders, etc. This co-operative buying in these instances were working very well and materially reduced the farm unit investment in machinery.

We found custom work was not being practiced to any reportable extent and were given the reason and believe its lack is also due to climatic conditions in this Province.

We found that the design or adaption of machinery for the production of special crops such as blueberry was lacking and badly needed in this Province. There is a great need for a joint Atlantic effort in man

power and money to fulfill our needs in this area of special equipment.

We found that there was no standard training or qualifications required in this Province in order to become a dealer in farm machinery, nor is there any criterion by which one can predict the proficiency of people who work on the repair or maintenance of farm machinery.

We found that throughout the Province that dealer facilities for the supplying of parts and service to equipment they sold fluctuated from good to nil. This service was the most important reason given by buyers for purchasing a piece of equipment. It surpassed price and make by a wide margin.

Types of Companies

The farm machinery industry is made up of a number of companies, both large and small, which are broken down into the following categories:

1. Long Line Companies

These companies are ones which manufacture tractors and usually a complete line of farm equipment as well, such as tillage, planting, haying and harvesting equipment. The long line companies represented in Nova Scotia are Massey Ferguson, International Harvester, White, Allis-Chalmers, John Deere, Case and Ford.

2. Short Line Companies

These companies manufacture various types of equipment for different areas of the industry but do not manufacture tractors. New Holland and New Idea are examples of short line companies.

3. Short-Short Line Companies

These are companies that specialize in one kind or type of equipment. Examples are Rock-O-Matic rockpickers and Atkinson lime spreaders.

These three types of companies market their equipment in different ways. The long line companies sell direct to the dealers who in turn resell to the farmers and other customers.

The short line and short-short line companies may sell direct to the dealers or they may sell to area distributors who in turn sell to the dealers. Also, in a few areas, the distributors sell direct to the farmers.

Company Dealers

During the last 20-25 years, the manufacturers have moved from company agents to independent dealers. This means among other things that the customers deal directly with the dealer and have little contact with the manufacturer. The manufacturers prefer the independent dealer which reduces their obligation to the customer. In some areas, they operate their own dealerships or stores but there are none in Nova Scotia.

The manufacturers have no hard-and-fast rules for establishing a dealer. They do consider quite strongly his qualifications, his financial backing and credit rating; they readily admit that they often give a dealer a franchise when they know he is deficient in some of the requirements they feel are necessary, but they hope with some counselling he may succeed.

Most long line companies only allow their dealers to carry one main line, but do not object to short line contracts providing there is no conflict of interest. They sometimes tolerate multiple franchising in certain areas and under certain conditions.

In Nova Scotia there are 36 main line dealers as well as 3 or 4 that handle only short lines. The breakdown of franchises is as follows: Massey Ferguson - 13; International Harvester - 12; Case - 4; Allis-Chalmers - 2; White - 2; John Deere - 2; and Ford - 1. There are 5 of these dealers who also handle New Holland and one who handles Leyland tractors.

Distribution of Parts

The companies supply machines and spare parts to the dealers through their regional distribution centers and operate under quite similar policies. Only Massey Ferguson and White have regional parts offices in the Maritimes and these are located in Moncton. The other companies have theirs located either in the Montreal or Toronto area. Most companies at one time did have parts warehouses in Nova Scotia or New Brunswick; however, have moved them to make better use of computers and staff.

These were moved to Central Canada during the past 10 years and have certainly caused delays in procuring spare parts. There is no fast and reliable method of transportation from Central Canada to Nova Scotia and, therefore, we have been accepting something less in service than in other areas of Canada.

Ordering of Parts

The companies have similar ordering methods and briefly are as follows:

1. Emergency Orders - These receive priority when received by the regional parts depot and are usually picked and shipped the same day. If not available, the parts depot usually locates the part at some other depot and has it shipped the fastest method, usually air freight. The dealer is usually charged with freight costs.
2. Fill-in Orders - These are parts which are fairly urgently needed but not considered an emergency. However, the dealer is still responsible for freight costs in most cases.
3. Stock Orders - These are orders which usually replace the parts sold the previous month by the dealer. The company pays the freight and usually ships within a week of receiving the order.

4. Pre-Season Orders - These types of orders are encouraged by many companies and often are the main orders of the year. For instance, the main parts required for haying equipment may be made in December with terms to the dealer for either monthly payments or payment in June or July. The pre-season orders are the only ones where the dealer receives terms for payment. In all other cases, the dealer must make payment in approximately 30 days and if not, may be placed on C.O.D. with the company.

Distribution of Machines

As far as machines are concerned, the companies have similar programs for the dealers. The dealer places an order and may make a deposit but usually payment for a machine is not due until sold or after a certain length of time. Some companies have carry-over programs based on the number of machines already sold that year. The short line companies work very similarly to the long line companies.

Short-Short Line Distributors

The distributors handling the short-short line equipment work more on a 30 day basis for both machines and parts. There are exceptions and special deals offered for the dealer who handles a considerable volume.

The two main short-short line distributors for Nova Scotia are Maritime Farm Supply and Forano. Forano's main office and warehouse is located in Plessiville, Quebec, with a Maritime warehouse located in Moncton, New Brunswick. Maritime Farm Supply is also located in Moncton and is a privately owned business which serves the Atlantic Provinces.

These two firms both have sales and service personnel serving Nova Scotia and have been very progressive in demonstrating and introducing new equipment. They are doing a good job and filling a real gap in equipment needs. Much of their equipment is of European origin which appears to be well suited to our conditions in Nova Scotia.

There are other distributors serving Nova Scotia from Central Canada, such as Allied Farm Equipment, George White and Sons, as well as others. Together the distributors of short-short line equipment distribute in excess of one million dollars worth of equipment in Nova Scotia each year.

Machinery Retailing

The dealer is the retailer of the machines and parts to the farmer and it became quite clear immediately in our study that he is the key person between the farmer and the manufacturer.

Size of Dealerships

There is a wide variation in the size of dealer operations in Nova Scotia. Some dealers have new modern shops with good shop equipment and mechanics while others were working from older and minimal facilities. Their volume of sales range up to \$500,000 annually and parts inventories up to \$50,000, with labor rates ranging from \$2.50 to \$10.50 per hour.

Types of Dealerships

There were only a few dealers who were in agricultural equipment alone and those who were, were not able to maintain a profitable business unless they were in a high density agricultural area and were supplying good services.

Many of the dealers had other businesses as well, such as farms, real estate, industrial equipment, trucks, automotive, recreational equipment, lawn and garden equipment, feed and hardware, etc. Nearly all of these dealers were quick to say that these other businesses carried their farm machinery.

Quality of Dealerships

Most of the farm machinery dealers operate as individuals or limited companies and are independent businesses. We found that most dealers are doing their utmost to give good service. Neither the farmers nor the farm organizations have fault to find with the dealers both as responsible people to buy from and to give service for parts and repairs. It is certainly our opinion that

because the dealer is an independent businessman, his interest and concern for the farmer and his problems is more marked than the company that he represents or sells for.

During the course of our study, we were concerned that the present system of distribution, retailing, and servicing will continue. Our study indicated that there are real signs of discontent and financial unsoundness in the relationship between the manufacturers and dealers or distributors. We found the Franchise Contracts are heavily weighed on the side of the manufacturer. We feel that the manufacturer should be constantly reviewing their relationship with their dealers from the standpoint of finances, service, facilities and inventory as it looks to us as though the farm machinery industry of the future may require a more multiple approach.

Company Area Representatives

The companies do have regional or area sales and service personnel who are available to assist dealers. In some cases, they are located within the area and therefore are readily available to help with problems. In other cases, they work out of Toronto or Montreal and visit the area periodically; however, they are available on short notice under emergency situations. Most of these men are very knowledgeable and reasonable and can thus work with good dealers to keep complaints and problems to a minimum.

IV. Standardization

This problem arose in every part of the province from farmers, dealers, and farm organizations. There was really one voice in that there should be much more standardizing of parts and components from within the company and between the companies. The items mentioned were oils, greases, knife sections, guards, wear plates, ledger plates, sprockets, pulleys, chains, belts, bearings, oil filters, air filters, hydraulic hose, hydraulic couplings, universal joints, wheels, tires, harrow discs, rake and pick-up teeth and draw pins.

Standardization is an international problem and therefore there is little that can be done on a provincial basis. There is work being done on a continual basis through the Farm and Industrial Equipment Institute, the Society of Automotive Engineers, the American Society of Agricultural Engineers, the Co-operative Standards Program, the International Standardization Organization and the European Committee of Associations of Manufacturers of Agricultural Machinery. These organizations have certainly made progress and have been successful in getting some components standardized. Examples are P.T.O. shaft sizes and speeds, three-point hitch dimensions, draw bar positioning and some major areas of hydraulics. The Agricultural Engineers

Yearbook gives a long list of standardization programs and committees for North America. Progress will be limited until additional funds are provided. There is a mixed reaction among manufacturers on some items as it could prove very costly for some to change over and abandon parts and patents which they are presently using.

There are cross references available for some items such as bearings, oils, electrical equipment, etc., which could be used to better advantage by some dealers and farmers. Some companies provide these to the dealers and others do not. We feel that much of this cross reference information could be gathered together and made available to the dealers and farmers.

V. Transportation and Customs

Transportation delays and costs are cited as one of the major problems affecting the farm machinery industry in Nova Scotia. This problem becomes more pronounced when emergency parts orders are involved as time is very important. Nearly every dealer singled out transportation as his main problem and gave us examples of some experiences they have had to cope with. Even though we are served by C.P.R., C.N.R., Air Canada, Eastern Provincial Airways and several trucking firms, every dealer is quick to point out that there is no one consistently reliable fast method to get parts or equipment from Central Canada to Nova Scotia.

Rail transportation is used the most but express orders from Montreal often range from 7 to 10 days and from Toronto 10 to 14 days. Many of the older dealers said 20 years ago that they could always count on 2 to 3 days. Breakage and lost parts are very common on both rail and truck shipments but every dealer said railways will honor claims with little question.

Truck transportation is usually slower than rail and therefore not used by dealers very extensively. Dealers in their submissions indicated bad experiences with trucking firms because of lost and damaged goods

and in some cases, claims have never been paid and in other cases, pressure had to be applied at the manufacturer level before the trucking firm would honor the claim.

Air freight and air express is usually more expensive and often disappointing. There is difficulty in getting space on the aircraft and once the parts arrive at the airport, the facilities there are not always satisfactory to the dealer. For example, the shipper when instructed, marks parcels "Hold for Pick-up"; however, in many cases, the workers at the airport are not careful and these all go to other depots for sorting and reshipment via trucks to various parts of the province. If this falls on a weekend, parts can be tied up for several additional days and therefore dealers say it is not uncommon to wait 5 to 7 days for air express shipments.

Air mail is being used by some dealers for emergency parts providing they weigh less than 25 pounds and are within certain dimensions as laid down by the Post Office Department. This has resulted in many cases to 2 to 3 days' delivery from Montreal and Toronto.

Bus transportation has been very satisfactory for parts orders within Nova Scotia, especially in areas where pick-up and delivery was convenient. It is reasonably priced and could be utilized to a greater extent than at present.

There was concern expressed over the proposed minimum weight rail express shipments of 300 pounds. This could prove costly for small shipments.

Some examples of hauling charges given us by dealers are as follows: \$68 for a riding lawn mower from Quebec City to Middleton; \$566 for a grinder mixer from Ontario; \$2,100 for a 11,000-pound disc harrow from the United States. These are just a few and we know there are many others.

Some dealers who obtain parts from Moncton are more fortunate as there is a reliable trucking service available to nearly all points of Nova Scotia. For instance, 24-hour service from Moncton to the Annapolis Valley is not uncommon.

The manufacturers have expressed great concern regarding transportation and we feel it would be very helpful if a meeting was arranged for representatives of all transportation methods, dealers and manufacturers to get together and discuss the problem as it now exists and look for solutions and improvements.

Customs delays and problems have been experienced by some dealers but it was not a widespread complaint. We feel that a meeting with customs personnel and dealers who are regularly having problems would be beneficial.

VI. Financing and Taxes

We found a number of problems concerning financing, sales tax - both federal and provincial, interest charges, excise charges, customs duties, municipal taxes, grants and Farm Improvement Loans which we will discuss under this section.

Financing

During the last 10 to 15 years, there has been a trend towards financing farm equipment rather than cash buying. The farmer has several methods of financing open to him; namely, the banks, credit unions, finance companies, and machinery manufacturer finance companies.

In some areas and in particular, Eastern Nova Scotia, Credit Unions lend for machinery purchases. Under the Farm Improvement Loans Act, the federal government guarantees loans made by banks and credit unions to farmers to a maximum of \$15,000 for farm machinery. They lend 75% of the cash price of the equipment and repayment can be made over 5 years at an interest rate set by the government. The current rate for equipment is 7% and applies until September 30, 1973. Banks and credit unions take security on the equipment but do not offer any insurance either life, fire, theft, collision, etc., even as an option. This fact has been very heavily criticized by farmers and dealers.

The maximum loan of \$15,000 is no longer enough as one tractor or combine alone could exceed this amount.

Therefore, there has been a trend during the past 8 to 10 years away from Farm Improvement Loans at banks and credit unions, to financing through finance companies; mainly those owned by the machinery companies. This trend has continued to the point where we estimate 75% of equipment purchased now in Nova Scotia is through machinery company finance plans. These plans carry a full coverage of insurance and also there is no maximum limit set for the amount one farmer can finance. This is governed by the type of operation he has, his financial position, ability to repay, etc., and is administered by the finance company.

The machinery dealer acts as the agent for the company and gets a commission and is responsible for reposessions.

The interest rates are nearly the same for all companies and run from 14% to 16%.

Farmers prefer financing this way for several reasons:.

1. Does not tie up working capital.
2. The loan is completely insured.
3. The application can be made in the dealer's office which is convenient and closes the transaction.
4. It leaves the Farm Improvement Loan open for other purposes.
5. The \$15,000 maximum on Farm Improvement Loans does not apply with finance companies.

Municipal Taxes

The dealer is assessed by the municipality or the town on the inventory of spare parts and new and used equipment he has on hand. This does not create much encouragement for him to increase this inventory.

Provincial and Federal Taxes

At the present time, it is the responsibility of the farm equipment dealer to have each farmer customer sign a tax exemption form regarding the 7% Nova Scotia Health Services Tax. These exemption forms are only valid for 12 months and many times, it is difficult for the dealer to get the farmer's signature. The farmer must have a signed form at every place he is purchasing items which are exempt from Health Services Tax. The dealer or vendor must decide who is a "farmer". There is no clear-cut definition and this creates unnecessary responsibility for the dealer.

There is Federal Tax charged on some items such as tractor cabs and snow blowers which the farmer must pay at the time of purchase and then apply for a rebate. In other words, there is no exemption form for Federal Tax.

Low Interest Loans and Capital Grants

Many dealers feel that since their business is so closely tied to the farming community in providing sales and service to farmers, they should be eligible for low interest loans and capital grants for expansion and modernization of their facilities so they could provide better services. They suggested the Nova Scotia Farm Loan Board and the Farm Improvement Loans as credit sources they should be eligible to apply for.

VII. Repairs, Parts & Warranties

We received a number of complaints and heard a number of suggestions from farmers, dealers and manufacturers concerning repairs, service, parts ordering, warranty claims, and maintenance. Some of these we considered legitimate whereas others were unjustified.

Repairs and Service

The dealer prefers farmers to bring their equipment into his shop for repairs and service than to work on it at the farm. They often have to go to the farm or field under emergency situations, when field adjustments are necessary, or when the farmer has no means of transporting the equipment to the dealer's shop. The dealers point out that it is usually more costly to the farmer to go to the farm as the mechanics often don't have the proper tools or equipment with them to carry out the repairs as quickly as could be done in the shop.

Maintenance

We found some farmers very conscious of maintenance of their equipment and others were just the opposite. We found that the farmers who properly maintained their equipment had less problems to report.

Another observation made was that nearly 50% of the farmers now are buying with future service in mind and not just where they can get the best initial price. This is more pronounced in areas where a dealer

had been routinely selling equipment below his marketing cost and because of this, is no longer in business to provide service. There seems to be a trend along with this for farmers to deal almost exclusively with one dealer. They feel they can expect better service and attention in times of emergencies if they support this dealer.

We ran into some mixed reactions concerning supplying of parts books with a new machine. Some dealers felt that part numbers change so much and that farmers would not be aware of these changes and thus order a wrong part. Other dealers indicated they supplied parts books for all machines that had serial numbers. Most farmers felt parts books would be very helpful and would like them supplied with the machine along with Operators Manuals.

Warranties:

There was considerable discussion over warranties and it is a problem and concern for farmers, dealers, and manufacturers. There certainly appears to be some weak points and unfair aspects concerning warranties and we would conclude, on the average, the farmer, dealer, and manufacturer share about equally the warranty cost.

The farmer often loses because of down time and loss of crop if no replacement machine can be supplied and also for the cost of items which are not covered by warranty but are involved in the breakdown. For example, oils and greases are not usually covered.

The dealer often loses because of telephone calls and travelling time and in most cases, labor is on a flat rate basis set by the manufacturer and does not take into account front-end loaders or cabs on a tractor for instance, which may have to be removed before a transmission can be overhauled.

We found both service and supply of parts under warranty depends a great deal on the ingenuity and conscientiousness of the dealer.

Dealers pointed out that some company service representatives who lack practical experience are often too strict and unreasonable with the claiming dealer.

One of the common complaints was that the warranty should be on hours of use rather than a time period. Such machines as balers and combines were cited as typical examples. The manufacturers point out that most weak points which would be eligible for warranty will show up in one season.

Parts Ordering

We have found from talking to farmers and dealers that if proper information was provided, very few problems arose other than transportation delays.

It is very important that the parts man be supplied with a complete identification of the machine which includes make, model, year and most important, the serial number.

VIII. Mechanics

We learned from the farmers and dealers alike that qualified mechanics were hard to get. This problem was more pronounced in high density agricultural areas where many kinds and types of specialized equipment is used. In these areas, many of the dealers do not have the time and available personnel to train men themselves. Dealers find that students now training in the Vocational Schools do not fit their needs for farm machinery mechanics.

We met with representatives from New Brunswick and Prince Edward Island and found the dealers there were faced with the same farm machinery mechanic problem.

The Principal of the Nova Scotia Agricultural College at Truro invited us to meet with himself and staff to study a proposed syllabus they had prepared for farm machinery mechanics.

This syllabus is basically similar to the Farm Machinery Mechanics Courses available in Quebec, Ontario and Alberta. It is of a two year duration and is composed of six semesters. Four semesters are four months each and are to be spent at the Nova Scotia Agricultural College with 75% of the time spent in the shop working on new and used equipment. The other 25% of the time will be lectures. Two other semesters are three months each, of which one would be on a selected farm operating farm machinery and the other at a farm machinery dealership. Provision would be made

for the farm operator and the machinery dealer to receive compensation for their part of instruction and evaluation while the student was at his farm or shop.

We believe that this proposed course would produce well trained and qualified mechanics to fill the needs of the Atlantic Provinces.

Although there are excellent facilities at the Nova Scotia Agricultural College at present for such training, it may be necessary to expand these through joint participation by the Atlantic Provinces.

Most dealers send at least some of their mechanics to company sponsored service schools each year. These are quite important to keep the mechanics up to date especially when new models are introduced; however, these are costly to the dealer. Some dealers felt they should be compensated under some of the federal sponsored job training programs such as "Manpower Training" or "Training on the Job".

IX. Machinery Testing

We discussed machinery testing and evaluation with farmers, dealers, manufacturers and other interested people in the Maritime Provinces. Nearly everyone agreed that there should be some method of getting information on the new equipment appearing on the market each year as to the adaptability to Maritime farms. No one felt that elaborate field testing and test reports were necessary; instead suggested that information such as performance, comfort, safety, down-time, ease of repairs and the ability to do the job designed for, under conditions in this region, would be more meaningful.

It is our view that this could be co-ordinated and carried out at the Canada Research Stations, the Nova Scotia Agricultural College and other federal and provincially owned farms in the Atlantic Provinces. This information would then be available for farmer consideration and should be very helpful. This view of ours is identical to a recommendation made to the Atlantic Provinces Agricultural Services Co-ordinating Committee by the Atlantic Agricultural Engineering Committee.

Summary of Comments and Problems as Expressed
by Dealers

1. Dealers can have their franchises cancelled by the manufacturer or by themselves with 30 days' notice. This gives little time for making arrangements for a continual supply of parts or service for machinery sold.
2. Company Finance Plans hold a dealer responsible for losses that might occur on repossession of machinery. Especially unfair if the dealer has his franchise cancelled.
3. There is no organization of Farm Machinery dealers in Nova Scotia in the form of an association as there is in other provinces.
4. Dealers are taxed on inventory which has a very detrimental influence on the amount of parts and machinery stocked.
5. Dealer is responsible for keeping current Hospital Tax exemption forms in his possession for every one of his farmer customers. These have to be signed every 12 months which creates an unfair additional responsibility on the dealer.
6. Transportation costs on machinery and parts are very high and increasing.
7. There does not seem to be any consistently reliable fast method of transportation from Central Canada to Nova Scotia.

8. Parts delays more common since Parts Depots have been moved by manufacturers to Central Canada.
9. When parts are back ordered, the manufacturer does not give reason why or expected shipping date.
10. There is no facility available for training farm machinery mechanics in Nova Scotia and it is very expensive for the dealer to train them.
11. No travelling time or mileage allowed under a warranty claim by the company for a breakdown of a machine that is impossible to have returned to the dealer's shop.
12. The manufacturer should have more financial responsibility in supplying parts and returning parts than is now their practice with franchised dealers.
13. The dealer does not have any source of low interest money or capital grants for expanding or improving his facilities such as are available to farmers.
14. Some dealers felt demonstrations were very expensive and feel they should be discouraged except for introducing new equipment.

Summary of Comments and Problems as Expressed
by Farmers

1. Farm Improvements Loans have too low a ceiling and carry no insurance.
2. Lack of research and development of specialized equipment such as apple and blueberry machinery.
3. Asked that farm machinery mechanics be qualified and licensed.
4. Asked that dealers be licensed and bonded.
5. Felt that warranties on machines should be on hours used and not on a time basis.
6. Asked for some testing of equipment so they would know if it was adaptable to the area.
7. Some asked for a government agency to purchase and rent specialized equipment to farmers.
8. Some farmers in certain areas asked for government mobile workshops.
9. Many asked for parts books to be supplied with the machine.
10. Many stressed standardization and asked that cross references for oils, bearings, etc. be made available.
11. Farmers felt strongly that the manufacturers should show more responsibility in supplying parts and service for machinery in an area where their dealer suddenly went out of business.

Recommendations to Provincial Government

1. The Farm Machinery Inquiry Committee recommends that the Government of Nova Scotia immediately set up a "Farm Machinery Advisory Board". This Board would act in an advisory capacity in regard to all aspects of farm machinery in Nova Scotia. We recommend it to be comprised of an Agricultural Engineer employed with the Nova Scotia Department of Agriculture who will act as a full-time secretary-manager of the Board and with him, one farm machinery dealer recommended by the Nova Scotia Farm machinery dealers, and two farmers recommended by the Nova Scotia Federation of Agriculture.

We further recommend that the Nova Scotia Board work closely with similar Boards in other Maritime provinces in order to form a joint Maritime Farm Machinery Advisory Board so that we would have a greater influence on the North American farm machinery industry.

2. We recommend that a course of study be set up at one center in the Atlantic Provinces to train Farm Machinery Mechanics or Farm Machinery Technologists. We believe that the ideal location for such a course for the Atlantic Provinces be at the Nova Scotia Agricultural College in Truro, who have proposed a syllabus for such a course. This course to be two years

in duration and divided into six semesters. Four semesters would be at the College and the other two would be at a farm machinery dealership and on a farm operating equipment. We would recommend that the dealer and farmer would be compensated for their part in supplying instruction and evaluation to the student.

We strongly feel this should be an Atlantic approach and that the costs for added facilities and resource people be supported financially by the Atlantic Provinces.

3. We recommend that an expanded Farm Safety Program be initiated in the Province through the Department of Agriculture and the Federation of Agriculture. We further recommend that the Department of Agriculture initiate and carry out a Tractor Driving Course as part of the 4-H program.

4. We recommend that the Nova Scotia Federation of Agriculture in conjunction with the Nova Scotia Department of Agriculture be responsible for defining a farmer and that such a bona fide farmer be issued a tax exemption identification for use when necessary.

5. We recommend that the present municipal inventory tax which is imposed on farm machinery dealers be removed from new and used farm equipment and repair parts.

6. We wish to make a recommendation which we feel is of great concern to a large number of farmers.

It is in three parts:

1. That compulsory licensing of farm tractors be abolished.
2. That the distance from home base that a farm truck can be driven on a farm license be abolished.
3. That a yearly rebate on gasoline tax be made to the farmer for gasoline used on the farm and not on the highway, with his farm trucks.

Recommendations to Provincial and Federal Governments

1. We recommend the immediate adoption of co-ordinating Canada Department of Agriculture Research Stations and Provincial and Federal farms and colleges in the Maritimes to evaluate the continuing flow of different kinds of equipment being offered for sale in the Atlantic Provinces. The station would arrange to lease equipment which would be used in the routine operations and also machines designed for new uses would be leased when made available by manufacturers. Evaluation need not be done in any great detail but records would be kept on performance, comfort, safety, down-time, cost of repairs, ease of service, and ability to do job designed for in this region. This information could be compiled for the whole region and made available for farmer consideration.

Financial help for such an arrangement should be available to this region from the proposed Farm Machinery Testing & Research program of the Canada Department of Agriculture.

2. We recommend that more Federal support be encouraged for research and development of specialized machines such as those used in the blueberry and apple industries. We understand that the Canada Department of Agriculture may be taking a harder look at research and development in the various areas and may be supporting

these regional projects financially. We strongly urge that the Province press the Canada Department of Agriculture for funds and resources to speed up introduction of specialized equipment in the Atlantic area.

3. We recommend that financial assistance be made available to farm machinery dealers in order to facilitate the improvement of their facilities and services to the farm industry.

4. We recommend the Farm Improvements Loans Act be reviewed and the ceiling be raised for farm equipment and that life insurance be added to the loans.

Recommendations to Nova Scotia Farmers and
Nova Scotia Farm Machinery Dealers

1. We recommend to farmers and dealers that they keep an accurate record in their possession of each machine purchased or sold with make, model, year and serial number recorded. This information is necessary for proper ordering of parts.
2. We recommend to farmers and dealers that winter overhauling of equipment be encouraged rather than wait until season of use. In some cases, dealers receive terms on pre-season parts orders and this advantage should be passed on to farmers as an encouragement for pre-season repairing.

Recommendations to Nova Scotia Farm Machinery Dealers

1. We recommend that the farm machinery dealers of Nova Scotia form an Association which we feel will improve relations between themselves, the manufacturers, farmers, and Government.

Recommendations to the Nova Scotia Federation of
Agriculture

1. We recommend that the Nova Scotia Federation of Agriculture, in conjunction with the Nova Scotia Department of Agriculture, be responsible for defining a farmer and that such a bona fide farmer be issued a tax exemption identification for use when necessary.

2. We recommend that an expanded Farm Safety Program be initiated in the Province through the Department of Agriculture and the Federation of Agriculture. We will add here that we feel that much of this could be done through the 4-H program in Nova Scotia.